



Ukraine: Investor Presentation



MINISTRY OF
FINANCE OF
UKRAINE

February 2021

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Ukraine's economy: dynamics of selected indicators

	2015	2019	Today
 Real GDP growth	(9.8)%	3.2%	(0.7)% (Q4 2020)
 Consumer inflation (eop)	43.3%	4.1%	6.1% (Jan 2021)
 Reserves (eop)	US\$ 13.3bn (eop)	US\$ 25.3bn (eop)	US\$ 29.1bn (Jan 1, 2021)
 Primary state budget balance ¹	2.0% of GDP	1.0% of GDP	(0.4)% of GDP (Q3 2020 LTM)
 State debt to GDP	67.1%	44.3%	56.8% ² (2020)

Note 1 Primary state budget balance defined as state budget revenues minus expenditures excl. debt service and minus net lending

Note 2 Estimated based on actual state debt of UAH 2,259bn as of Dec 31, 2020 and projected by the Government 2020 nominal GDP of UAH 3,975bn

Sources State Statistics Service of Ukraine, NBU, State Treasury



Extensive governmental response to tackle Covid-19 impact

Economy Stimulus Program



SMEs support:

- ▶ Expansion of Affordable Loans “5-7-9%” program to help SMEs affected by the lockdown
- ▶ Provision of **portfolio state guarantees** for loans and partial **compensation of loan principal**
- ▶ **Moratorium on tax penalties, tax exemption and relief from tax debt** during lockdown²
- ▶ **One-off** stimulating **payments** of c. **US\$ 300** per private entrepreneur in December 2020



Population support:

- ▶ **One-off pension increase** to low-income pensioners and monthly pension top-up for retirees aged 80+ years
- ▶ **Moratorium on penalties and disconnection of consumers²** who are late on utility payments
- ▶ **300% increase in salaries for medical personnel** working with Covid-19 patients



Transformation of the economy:

- ▶ **Transportation sector reform:** spin-off of Ukrzaliznytsia, reorganization of Seaport Authority, heavy investments into transportation infrastructure
- ▶ **Investments attraction:** replacement of income tax with a capital withholding tax, involvement of IFIs for the implementation of investment projects
- ▶ **Innovation enhancement:** digital transformation strategy, R&D stimulation, reform of scientific setup

Sources CMU, Ministry of Finance, Parliament of Ukraine

Covid-19 funds use

Category	UAHbn	Exec. ¹
Healthcare system, o/w:	19.4	87%
<i>Salary increase and benefits for healthcare staff</i>	5.5	92%
<i>Healthcare services procurement</i>	3.9	74%
<i>Personal protection equipment</i>	3.3	83%
<i>Equipment for hospitals</i>	2.3	100%
<i>Oxygen procurement</i>	1.4	97%
<i>Construction and repair of hospitals</i>	1.4	82%
Economy Stimulus Program, o/w:	26.4	98%
<i>Construction and repair of roads</i>	25.7	98%
Social insurance programs	12.8	74%
Law enforcement program	4.5	100%
One-off payments	2.8	56%

Note 1 Disbursement of funds compared to budget plan

Note 2 Effective during April-May 2020 and January 2021



- 
- 1 Solid foundation for long-term economic growth**
 - 2 Return to gradual fiscal consolidation
 - 3 Prudent debt management strategy
 - 4 Reviving business climate and development prospects
 - 5 Strong focus on ESG considerations

Accumulated economic buffer to curb Covid-19 crisis (1/2)

Q3 2020 LTM GDP in current prices

US\$ 154bn

GDP per capita dynamics, US\$

2016 US\$ 2,188

+21%

2017 US\$ 2,640

+17%

2018 US\$ 3,097

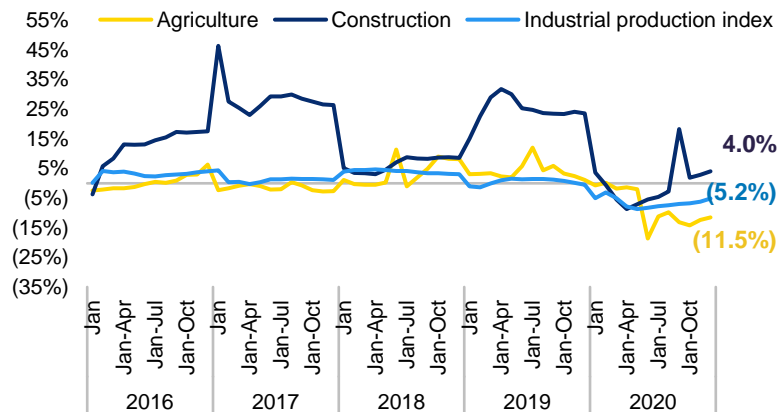
+18%

2019 US\$ 3,663

Comments

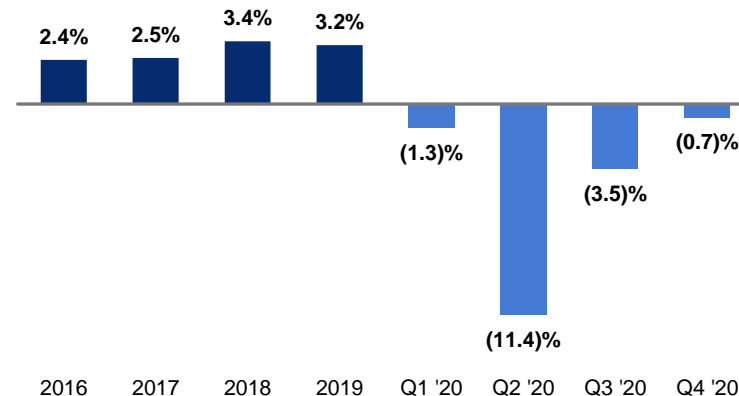
- ▶ **Ukraine's real GDP growth declined by 3.5% and 0.7% (y-o-y) in Q3 and Q4 2020**, respectively (compared to 3.2% growth in 2019 and 3.4% in 2018), on the back of Covid-19 spread and related economic disruptions
- ▶ Accordingly, the **key economic sector outputs contracted with agriculture being impacted the most** (-11.5% y-o-y in 2020), followed by industrial production (-5.2% y-o-y in 2020), while construction increased by 4.0% y-o-y in 2020
- ▶ Despite Covid-19, **the private consumption remained strong in Q1 2020 and have quickly returned to slight growth in Q3 2020**, while the fixed capital accumulation reacted negatively to the crisis almost immediately
- ▶ **In Q2 2020, the decline in private consumption was predominately pulling the real GDP change down**

Key economic sectors output growth (y-o-y)¹, %



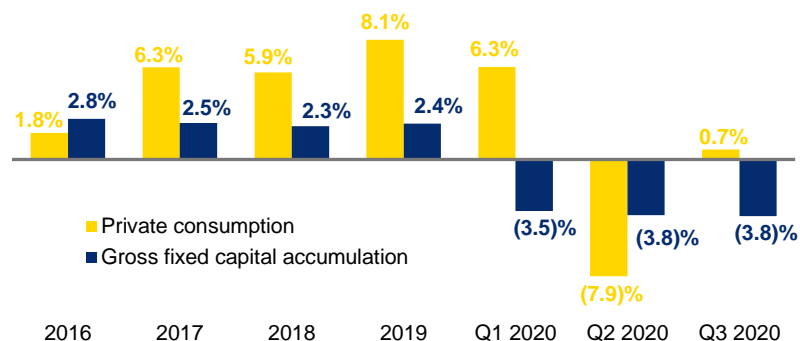
Source State Statistics Service of Ukraine

Real GDP growth (y-o-y), %



Source State Statistics Service of Ukraine

Component contribution into real GDP growth, %



Source State Statistics Service of Ukraine

Notes

1 To the corresponding period of the previous year on a cumulative basis

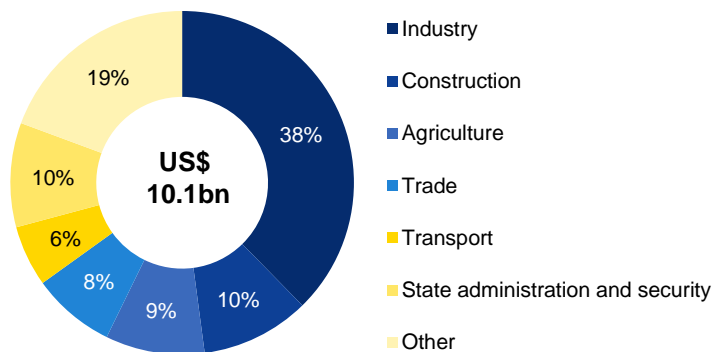


Accumulated economic buffer to curb Covid-19 crisis (2/2)

Comments

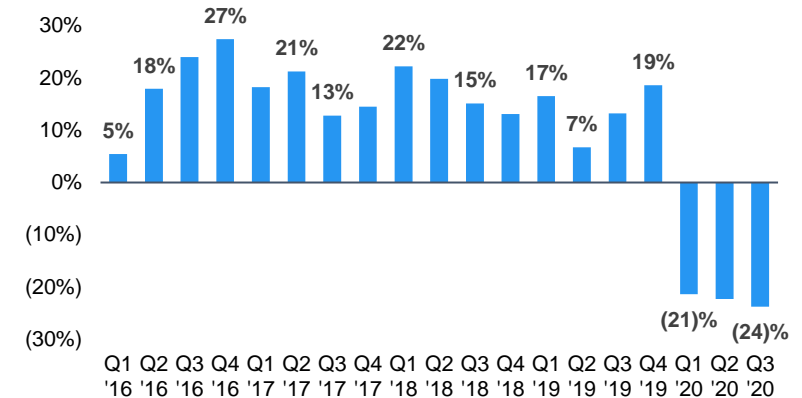
- ▶ **Although industrial output contracted in 2020**, some sectors managed to keep the stable or upward dynamics, incl. production of chemicals (+4.7%), and pharma products (+3.0%)
- ▶ **Gross fixed capital went down by 23.8% in Q3 2020** on the back of the economic disruption caused by Covid-19
- ▶ Despite 35.4% capital investments decline in 9m 2020, the consistent growth in the previous periods (15%+ y-o-y in 2016-2019) is expected to solidify Ukraine's prospects for quick economic recovery post Covid-19 outbreak
 - **Industry has been the major contributor to capital investments in 9m 2020 accounting for c.38%** followed by construction and agriculture with 10% and 9%, respectively

Capital investments split by sector for in 9m 2020, %



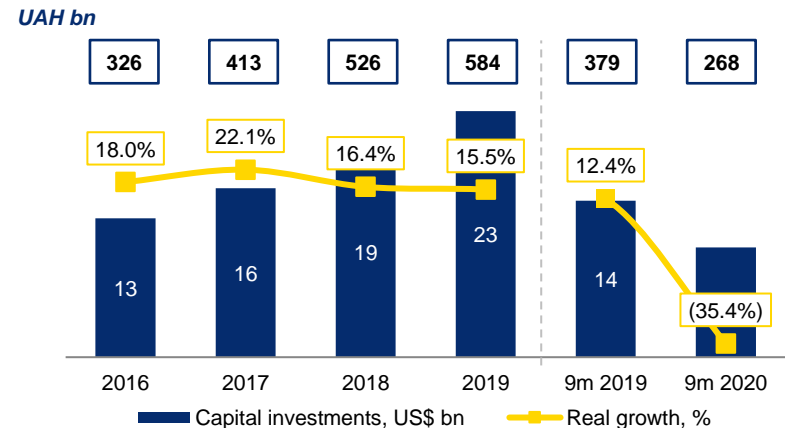
Source State Statistics Service of Ukraine

Gross fixed capital accumulation, % (y-o-y)¹



Source State Statistics Service of Ukraine

Capital investments dynamics



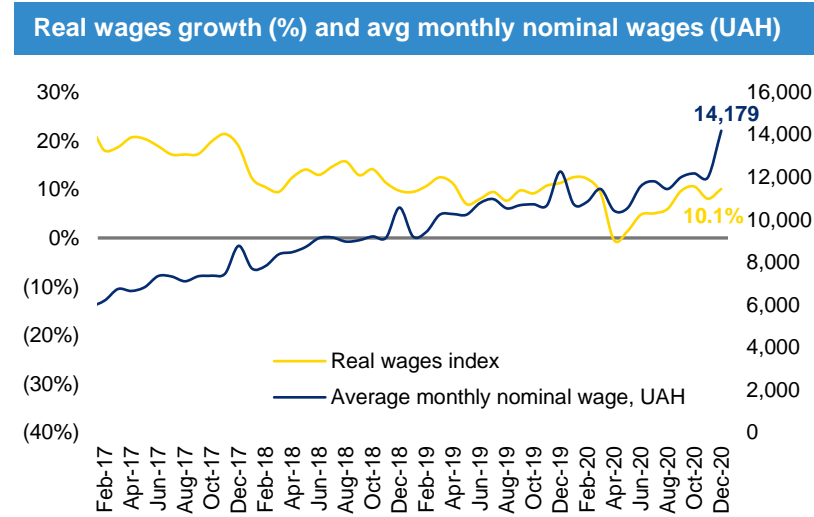
Source State Statistics Service of Ukraine

Note 1 To the corresponding period of the previous year on a cumulative basis

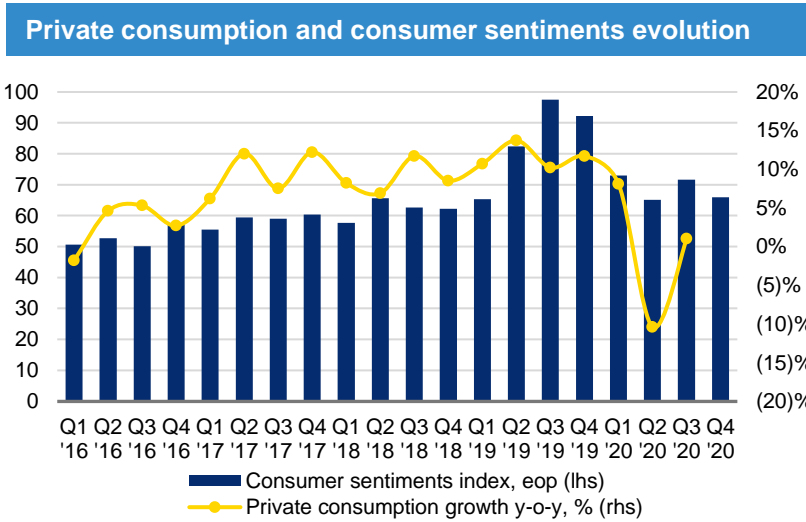
Despite economic downturn, consumer demand remains firm

Comments

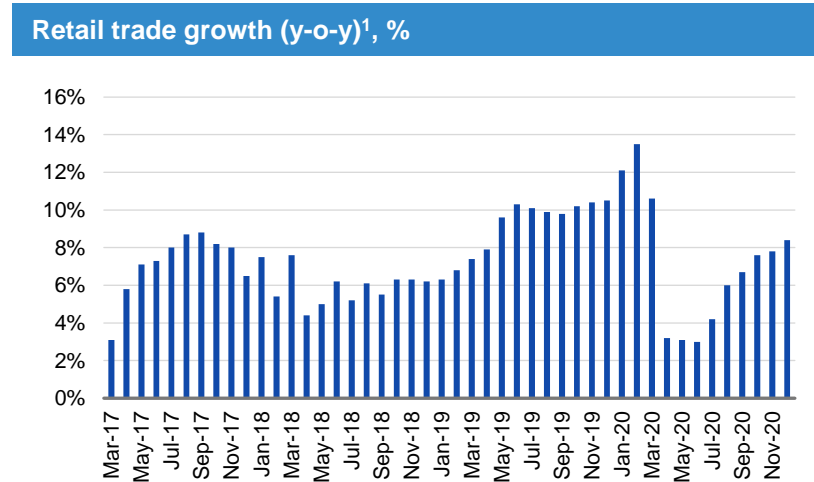
- ▶ Over recent years, consumer demand was consistently driven by a number of factors, including **steady rise in real wages, improving consumer sentiments** (before Q1 2020), **growing personal money remittances**
 - Despite economic crisis caused by Covid-19, real wages growth was mainly resilient and reached 10.1% y-o-y in Dec 2020
- ▶ **Covid-19 also had limited impact on the retail trade:** its turnover growth increased to 8.4% in Jan-Dec 2020 from just above 3% as of Apr-Jun 2020
- ▶ Final private consumption returned to upward trend and grew by 1.0% y-o-y in Q3 2020 after a 10.4% y-o-y decline in Q2 2020



Source State Statistics Service of Ukraine



Source GFK, State Statistics Service of Ukraine



Note 1 To the corresponding period of the previous year on a cumulative basis

Source State Statistics Service of Ukraine

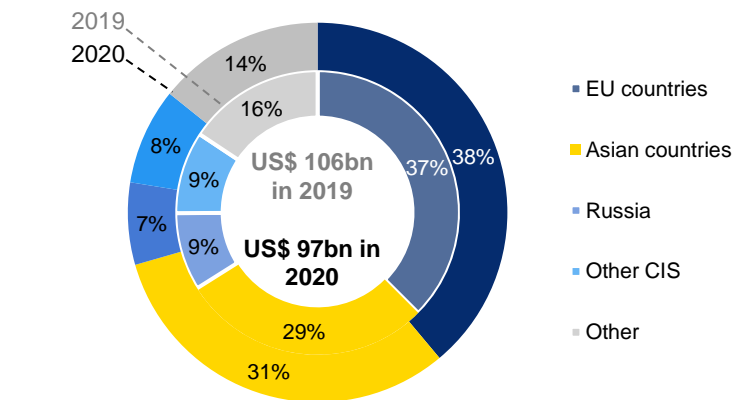


Marked impact of Covid-19 on external trade in 2020

Comments

- ▶ Based on preliminary estimates, **global Covid-19 pandemic and subsequent lockdown had a pronounced impact on Ukraine's external trade in 2020** with export of goods falling relatively slightly by 1.7% while import of goods declining more rapidly by 11.0% y-o-y in 2020
 - The total export and import of goods have reached US\$ 49.2bn and US\$ 54.1bn in 2020, respectively
- ▶ With increased net exports in 2020 such foreign trade dynamics had a positive impact on Ukraine's current account

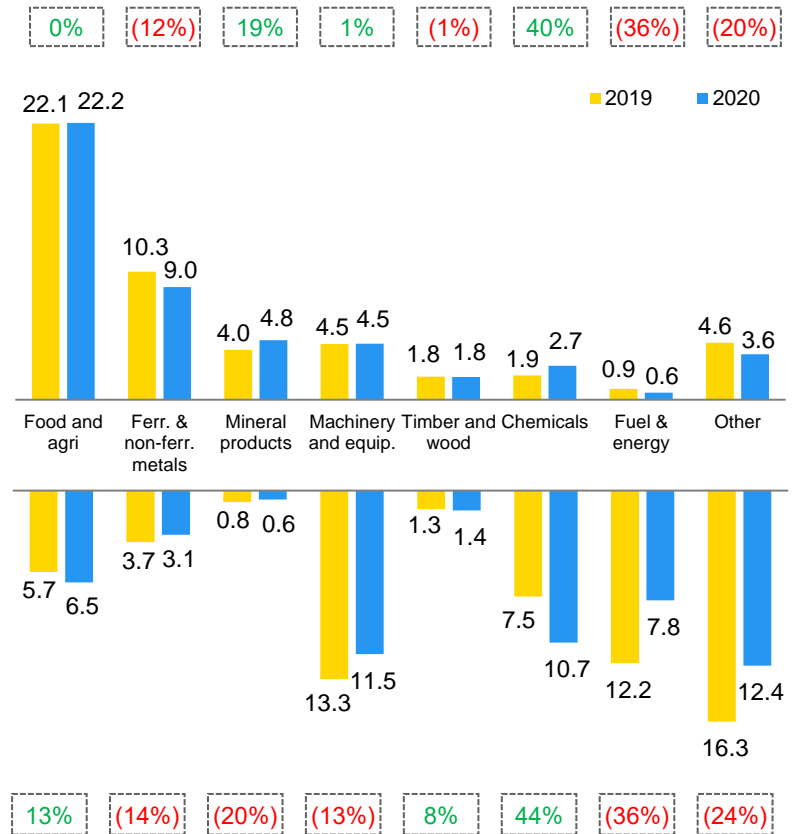
Geographic structure of goods trade in 2019 & 2020¹



Notes
1 Sum of export and import of goods

Export and import of goods dynamics, US\$bn

Export



Import

Source Ministry of Economy

Y-o-y change in import, %

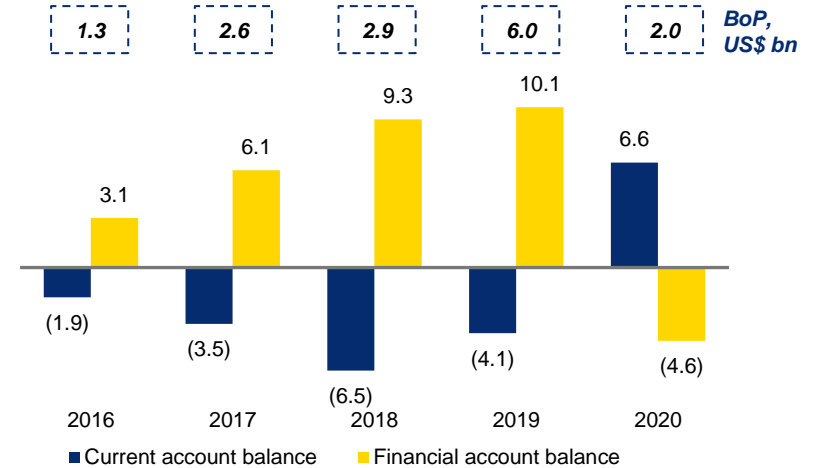


Firm external position leading to less vulnerability to external shocks

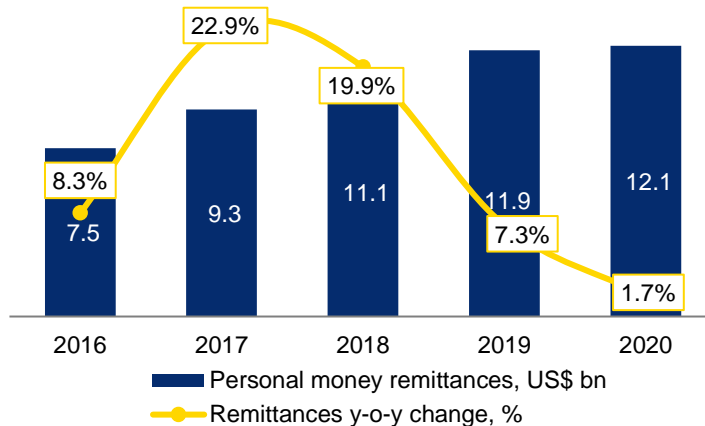
Comments

- ▶ **The trade balance deficit amounted to US\$ 1.7bn** in 2020 due to decreased import coupled with only slightly reduced export (vs US\$ 12.5bn deficit in 2019 largely supported by large machinery and equipment, chemicals, food and agri imports)
- ▶ **The current account (CA) balance demonstrated surplus** in 2020, resulting from a relatively stable goods export and a decrease in imports due to global energy prices decline
- ▶ **Improved trade balance was partially offset by capital account outflows** which resulted into **positive balance of payments** of c.US\$ 2.0bn in 2020

Balance of payments components, US\$ bn

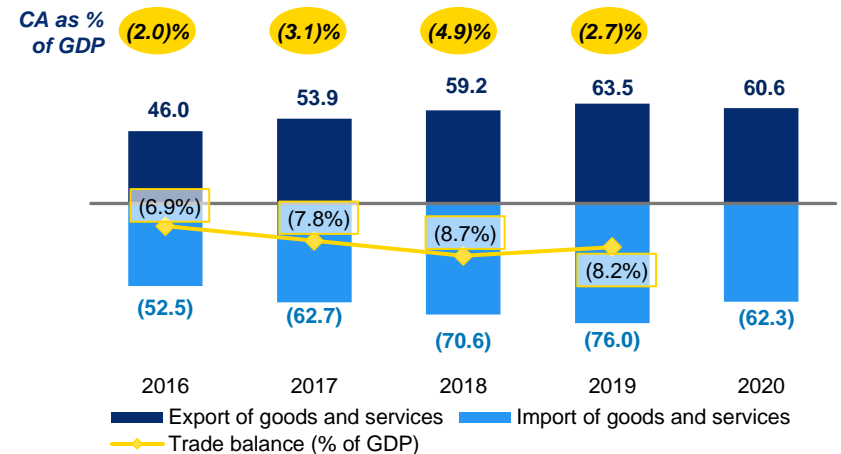


Private money remittances, US\$ bn



Source NBU

Ukraine's current and trade balance dynamics, US\$ bn



Prudent monetary policy implemented by independent regulator

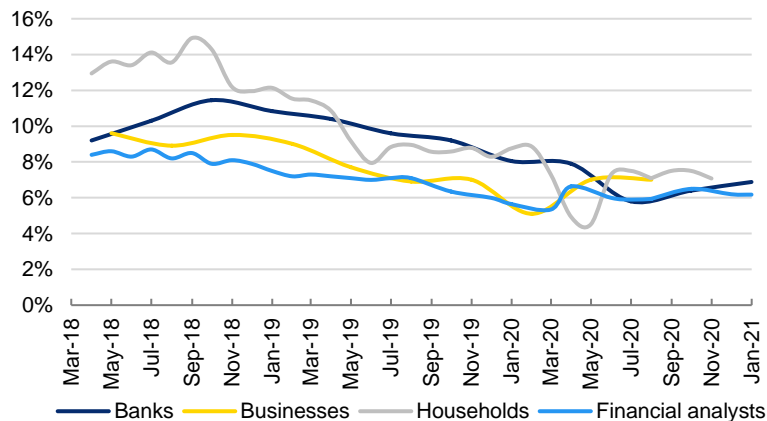
Comments

Medium-term consumer inflation target range: 5%+/-1%

Y-o-y inflation as of January 2021: 6.1%

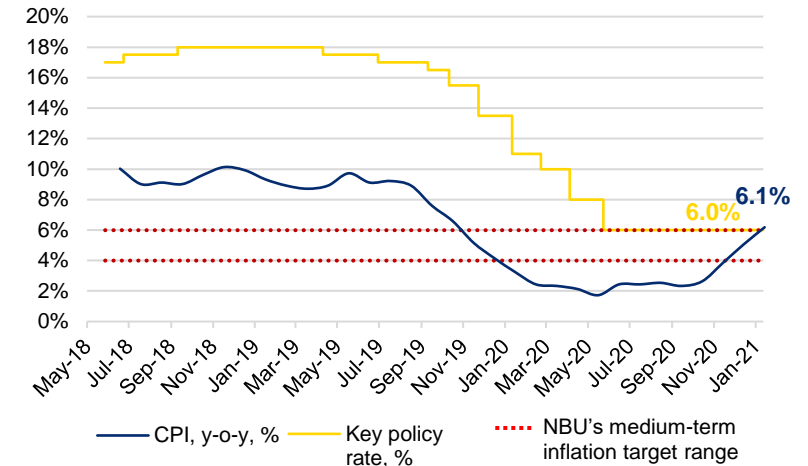
- ▶ **The NBU has significantly softened its monetary policy maintaining the cycle of key policy rate cuts until June 2020** on the back of UAH appreciation and decelerated inflation
- ▶ Overall, the key policy rate was reduced by 7.5 p.p. since the beginning of 2020, reaching the historic low of 6% over Ukraine's independence on June 6, 2020
- ▶ During July 2020 – February 2021, the NBU has decided to keep its key policy rate at 6% to curb the price growth as the economy recovers in 2021–2022, while leaving room for its further decrease
- ▶ Due to relatively tight monetary conditions and UAH revaluation, the NBU brought **inflation to its medium-term target (5% +/-1%) in 2019 vs end-2020 planned initially**

CPI expectations for the following 12 months

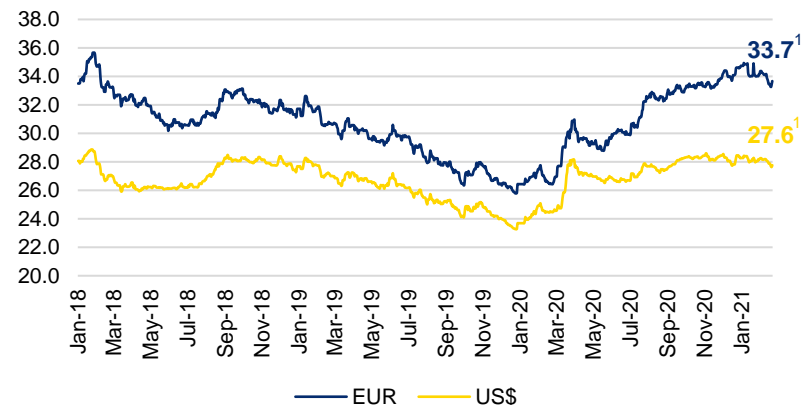


Source NBU

Consumer price index (CPI) change and key policy rate



UAH/US\$ and UAH/EUR exchange rates dynamics



Notes

1 As of February 11, 2021

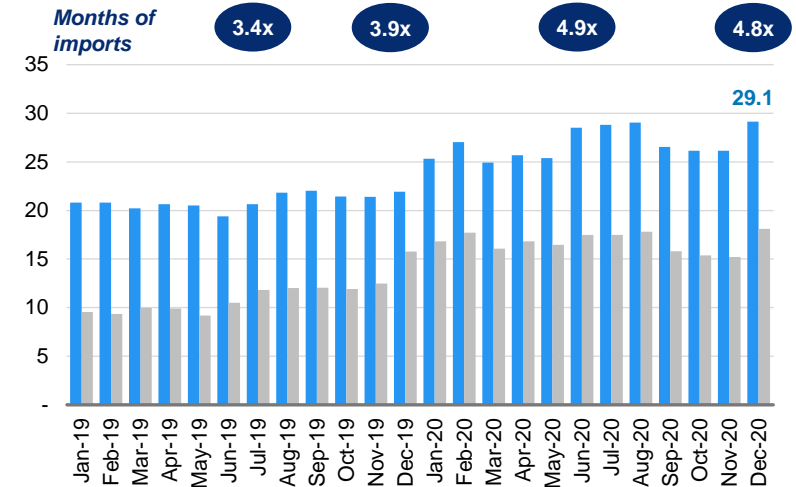


Accumulated international reserves

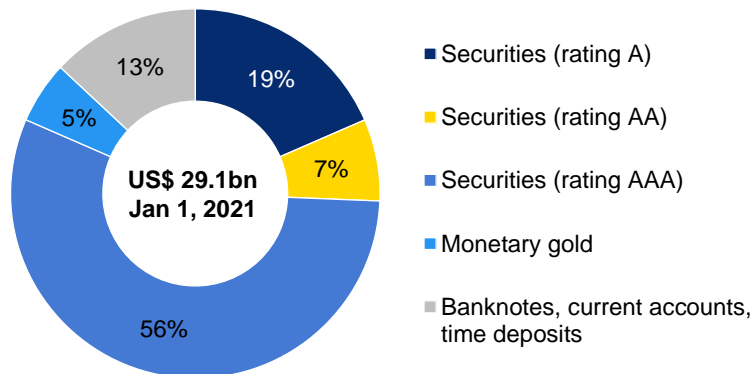
Comments

- ▶ **Gross international reserves grew by 15% (y-o-y) and reached US\$ 29.1bn as of January 1, 2021** (covering 4.8 months of future imports)
- ▶ Maintained **high levels of FX reserves** and **floating FX rate policy** are the most influential factors providing strong buffer for Ukraine on the back of the current crisis (vs previous ones)
- ▶ Over December 2020, the international reserves increased on the back of NBU's net FX purchase (US\$ 289.2m), new FX domestic placements (US\$ 1.0bn), government transactions to repay public debt (US\$ 478.3m), and financial instruments revaluation gain (US\$ 217.5m)

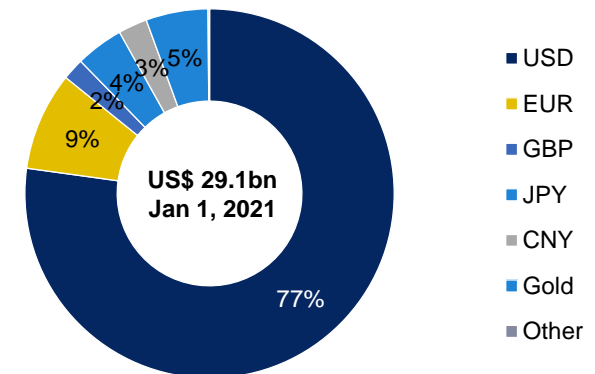
Gross and net international reserves (eop), US\$ bn



Gross international reserves by instrument (Jan 1, 2021)

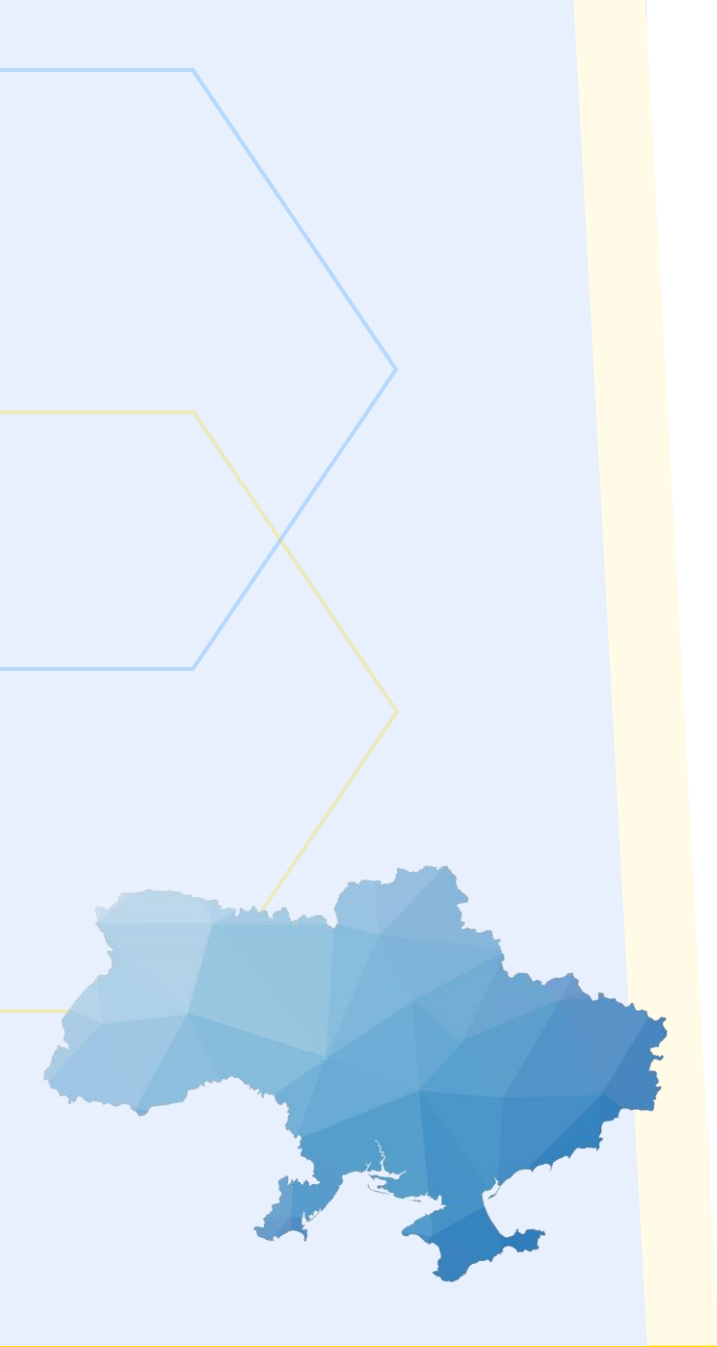


Gross international reserves by currency (Jan 1, 2021)



Source NBU





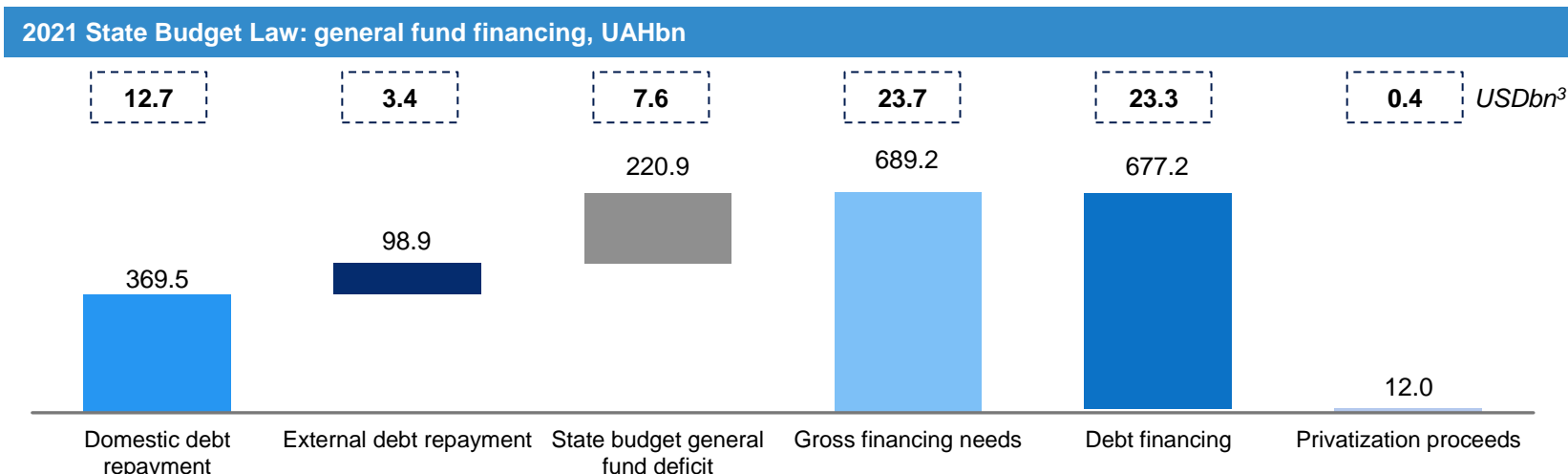
- 1 Solid foundation for long-term economic growth
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2021 state budget to resume gradual fiscal consolidation (1/2)

2021 State Budget Law: key indicators					
UAHbn	2019 (Act.)	2020 (Plan as of Dec)	2020 (Act.)	2021 (Law)	2021 (Law) / 2020 (Act.) change
Nominal GDP ¹	3,975	3,975	3,975	4,506	
(i) Revenues	998.3	1,067.0	1,076.0	1,084.0	0.7%
as % of GDP	25.1%	26.8%	27.1%	24.1%	
Tax revenues	799.8	826.3	851.1	928.6	9.1%
Non-tax revenues	198.6	240.7	224.9	142.5	(36.6%)
(ii) Expenditures	1,075.1	1,355.3	1,288.0	1,320.2	2.5%
as % of GDP	27.1%	34.1%	32.4%	29.3%	
(iii) Net lending	4.2	12.3	5.1	10.5	106.4%
as % of GDP	0.1%	0.3%	0.1%	0.2%	
Overall state budget deficit	81.0	300.5	217.1	246.6	13.6%
as % of GDP	2.0%	7.6%	5.5%	5.5%	

The following financing have been raised YTD 2021²:

- UAH 56bn (equiv. of US\$ 2.0bn) raised on domestic market o/w UAH 49bn in UAH-denominated bonds and US\$ 255m in FX denominated domestic bonds



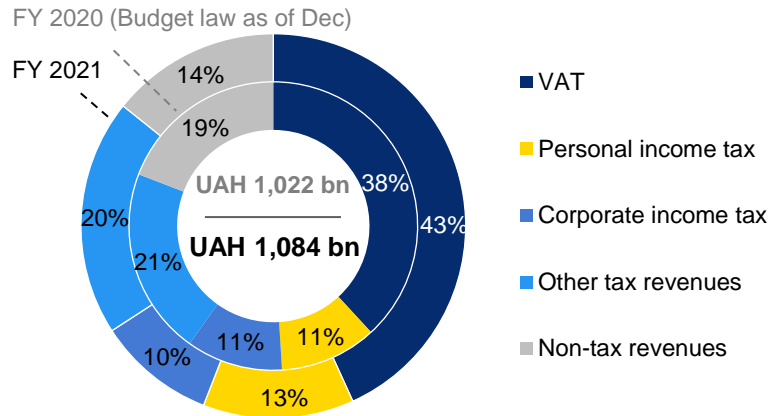
Notes

- 1 2020 and 2021 GDP assumed per the Government's forecast of Ukraine's economic and social development 2021-2023 as of Jul 2020
- 2 As of February 11, 2021
- 3 Translated at the 2021 budgeted avg 29.1 UAH per 1 USD

2021 state budget to resume gradual fiscal consolidation (2/2)

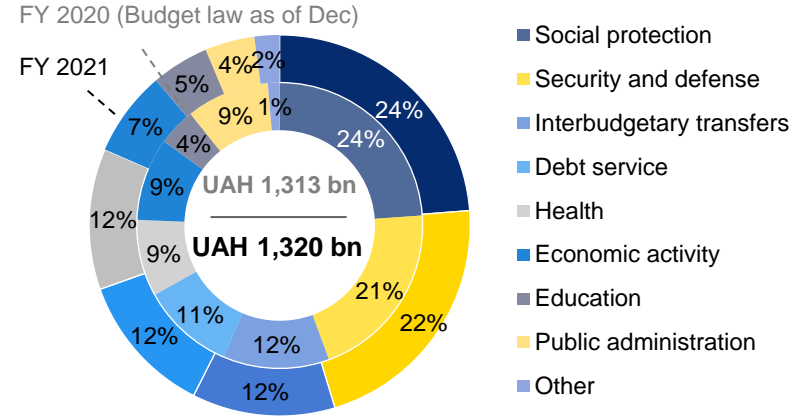
2021 vs 2020 state budget revenues split (law¹)

2021 state budget revenues: UAH 1,084bn

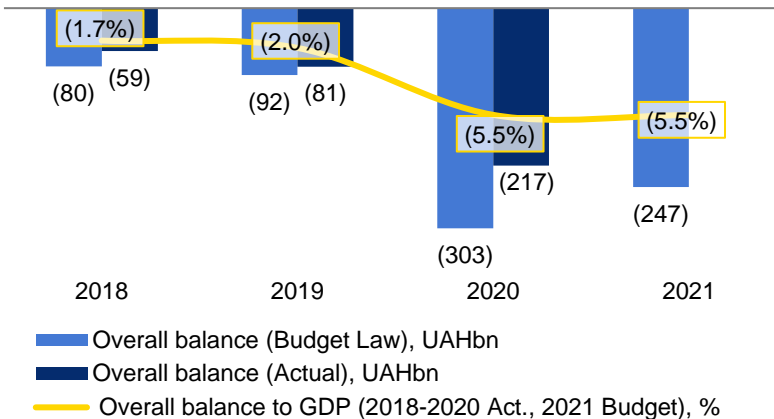


2021 vs 2020 state budget expenditures split (law¹)

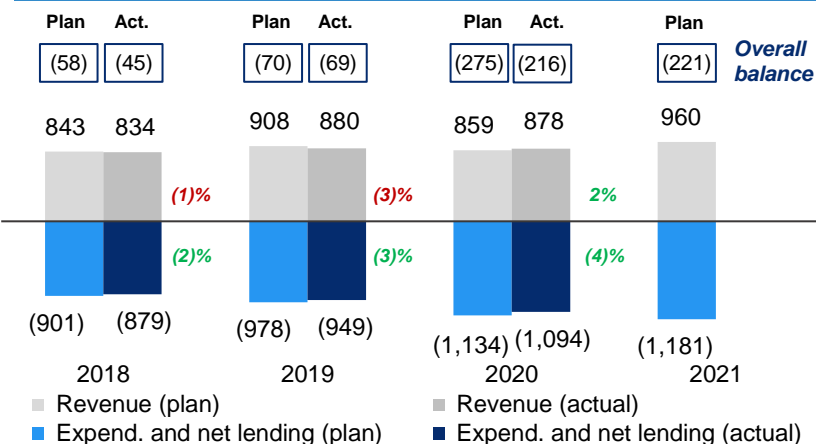
2021 state budget expenditures: UAH 1,320bn



Overall state budget balance³, UAH bn



State budget general fund performance³, UAH bn



Source State Treasury of Ukraine, NBU

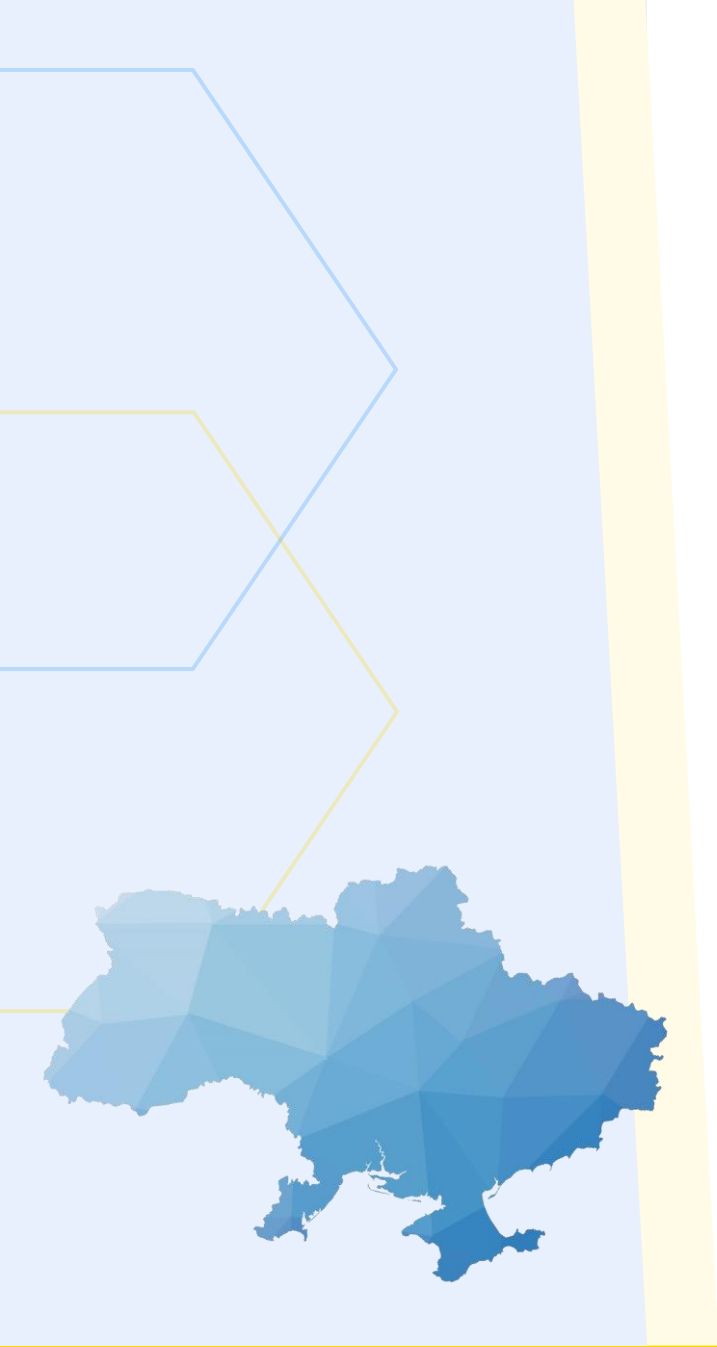
Source State Treasury of Ukraine

Key indicators of 2021 State budget are as following:

- Total revenues: **UAH 1,084.0 bn (+6%)**
- Total expenditures: **UAH 1,320.2 bn (+1%)**
- Budget deficit²: **UAH 246.6 bn / 5.5% of GDP in 2021 (per government's forecast of UAH 4,505.9bn GDP in 2021)**

Notes

- 1 According to State Budget Law 2021 and State Budget Law 2020 amended as of Nov 2020
- 2 Budget deficit defined as revenues minus expenditures and minus net lending
- 3 Based on historical data for 2018–2019; based on 2020 Budget Law as of Nov 2020, preliminary 2020 budget execution results and 2020 GDP forecast of the government for 2020; based on 2021 Budget Law as of Dec 2020 and 2021 GDP forecast of the government for 2021



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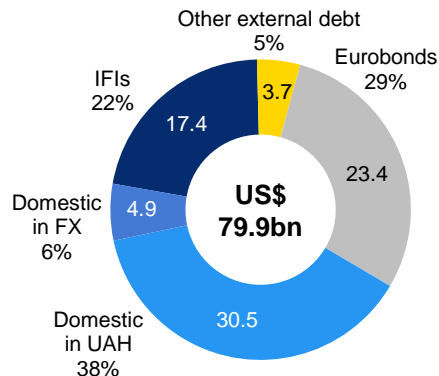


Prudent and proactive debt management strategy

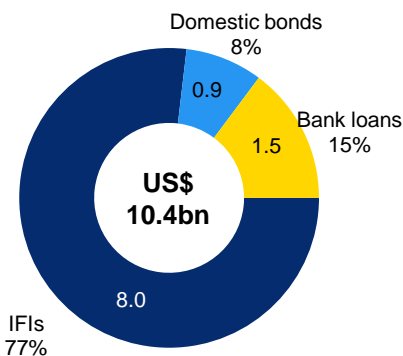
State and state-guaranteed debt structure (end-Dec 2020)

(In US\$ bn)

State debt



State-guaranteed debt

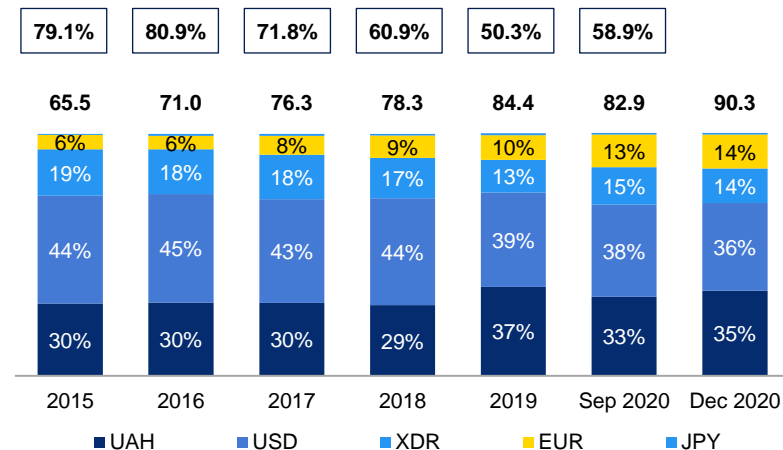


As of end-December 2020, Ukraine's total state and state-guaranteed debt (US\$ 90.3bn / UAH 2,552bn) split between:

- 60% of external debt, 40% of domestic debt
- 89% of state debt, 11% of state-guaranteed debt

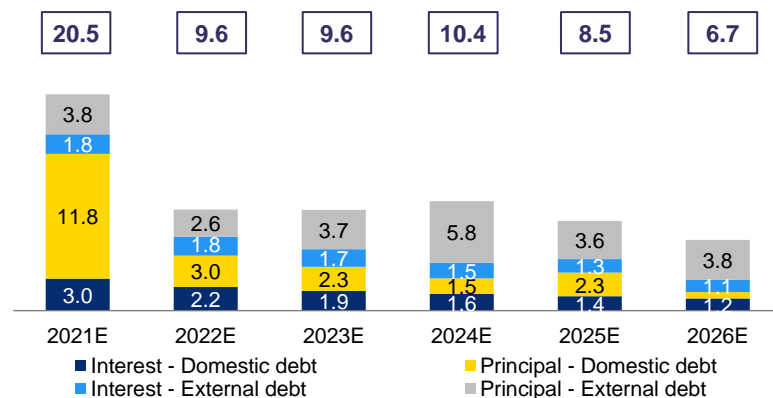
State and state-guaranteed debt by currency, US\$ bn

Total (% of GDP)



State debt amortization schedule (01.02.2021)¹, US\$ bn

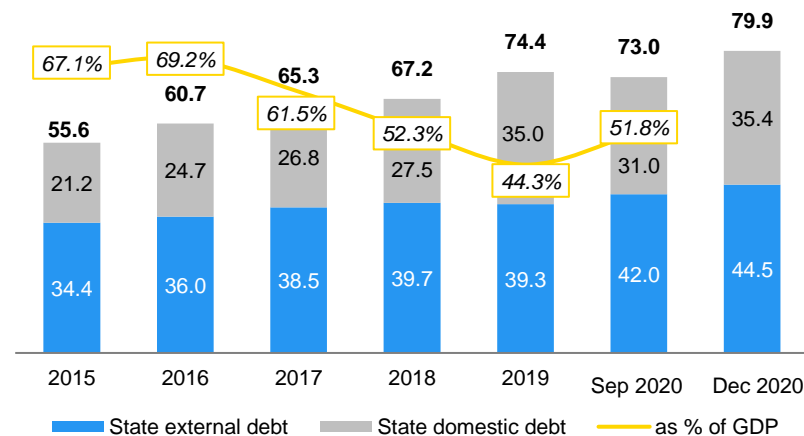
Total debt service



Notes
1 Incl. outstanding debt obligations only

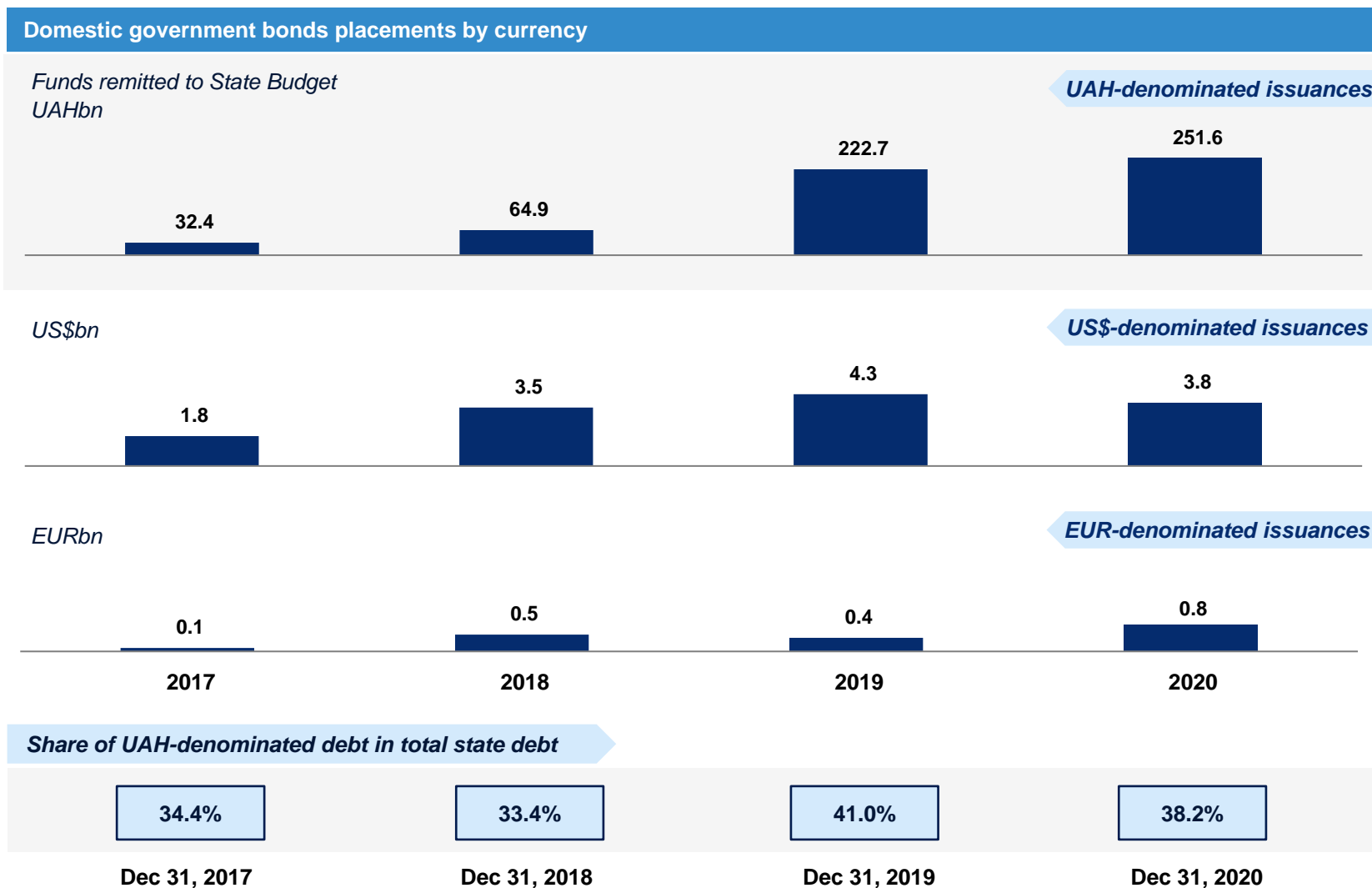
Source Ministry of Finance

State debt dynamics, US\$ bn



Switching focus to UAH-denominated issuances on domestic market

- **UAH-denominated issuances grew at 98% CAGR over 2017-2020**
- After major 3.4x 2019 y-o-y volume increase, 2020 saw further growth of 13% y-o-y in UAH-denominated securities
- In line with MTDS objectives, **FX-denominated issuances are kept relatively stable**



Source Ministry of Finance

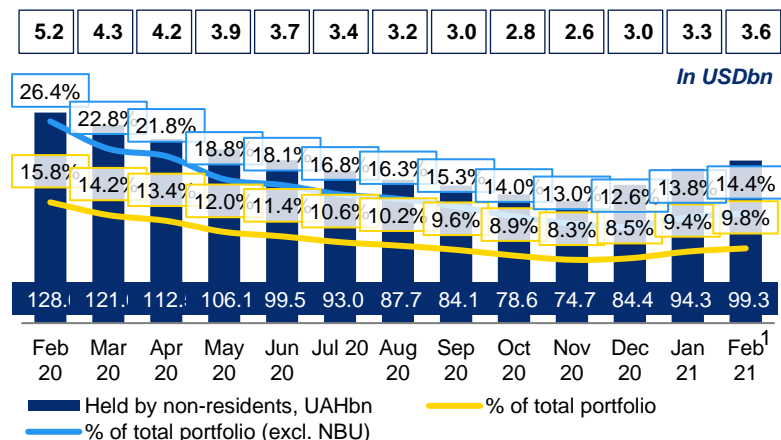


Ukraine's domestic government bond holders

Key highlights

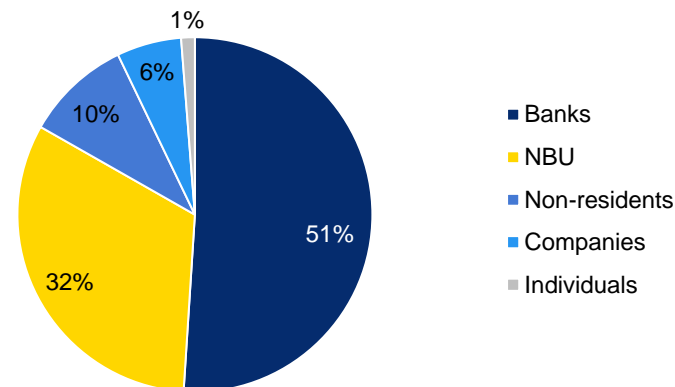
- ▶ With a **c.51% share, banks are currently the largest holder of domestic government bonds followed by the NBU, which accounts for c.32% of the portfolio**¹
- ▶ At c.9.8% of total outstanding Ukrainian domestic government bonds as of February 2021¹, the **portfolio held by non-residents has recently returned on its upward trajectory** (after Mar-Nov 2020 decline in line with the EM's capital outflow)
- ▶ **Ukraine is making consistent steps to deepen domestic government bond market and to increase share of non-residents in local currency bonds portfolio**
 - A link between Clearstream, the international central securities depository, and the depository of the NBU active since May 2019 ensuring streamlined access to Ukraine's domestic government bond market

Domestic government bonds held by non-residents (eop)

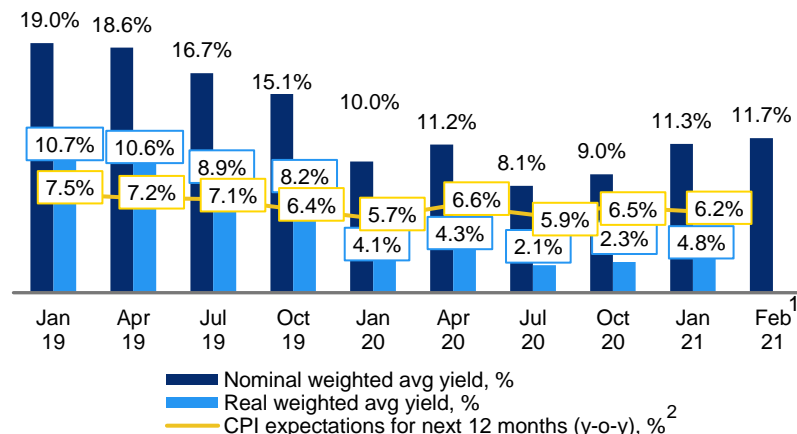


Source Ministry of Finance, NBU

Domestic government bond holders¹



Nominal and real weighted avg yields at primary auctions, %



Source Ministry of Finance of Ukraine, NBU





- On August 28, the NBU has eliminated obstacles for foreign investors to enter the Ukrainian securities market through establishment of the **direct access to the purchase and sale of government bonds with the help of a "nominee holder"**
- From now on Ukrainian banks that have accounts with the NBU depository will be able to open depot accounts for its foreign clients for the purpose of buying and selling Ukrainian government bonds

Notes

- 1 As of February 11, 2021
- 2 According to NBU's survey about inflation expectations of financial analysts for the next 12 months

Pipeline of official concessional external financing

Combined with a proactive response to Covid-19 economic fallout, **Ukraine managed to secure a range of concessional financing** from its international partners to **cover significant portion of external financing needs for 2020**

Partner	Programs	Pipeline financing
International Monetary Fund 	<ul style="list-style-type: none"> On June 9, IMF Executive Board approved 18-month Stand-By Arrangement (SBA) for Ukraine, under which US\$ 2.1bn (SDR 1.5bn) was disbursed immediately The total amount of program is US\$ 5.0bn (SDR 3.6bn) that will be directed towards support of balance of payments and budget to help address the effects of Covid-19 while moving forward important structural reforms 	US\$ 3.0bn¹
European Union  	<ul style="list-style-type: none"> EUR 1.2bn MFA program for Ukraine was adopted within EUR 3.0bn support package to neighboring partners in May 2020, o/w EUR 623.5m has been provided on December 9, while the second tranche will depend on conditions that will be negotiated in due course Since 2014, the EU has approved EUR 5.0bn in MFA support for Ukraine, o/w EUR 3.3bn were disbursed during 2014-2018, EUR 1.1bn in 2020, and EUR 0.6bn are expected in 2021 In addition, various European institutions provide significant financial support for Ukraine, e.g. EUR 340m from the EIB within “Early Recovery Programme” 	EUR 0.6bn
World Bank  WORLD BANK GROUP	<ul style="list-style-type: none"> On June 26, the World Bank has approved US\$ 350m First Economic Recovery Development Policy Loan (DPL) for Ukraine to support economic recovery and mitigate Covid-19 effects On December 11, the institution has approved US\$ 300m loan to the state budget general fund within the Second Additional Financing for COVID-19 Response under the Social Safety Nets Modernization Project 	US\$ 0.7bn
Total amount of envisaged external financing from the official partners		c.US\$ 4.3bn

Notes

¹ Translated from SDR to US\$ based on 1.4424 US\$ per 1 SDR IMF exchange rate as of February 11, 2021



Status of cooperation between Ukraine and the IMF

New 18-months US\$ 5.0bn SBA program

- ▶ On May 21, 2020, a Staff Level Agreement on a new **18-month SDR 3.6bn (c. US\$ 5.0bn) arrangement under the Stand-By Arrangement (SBA) was agreed and approved** by the Executive Board on June 9. It replaced the Staff Level Agreement on a 3-year Extended Fund Facility (EFF) program which was achieved in December 2019 and the Executive Board approval that was made afterwards
- ▶ **Current list of structural benchmarks:**

	Envisaged completion date
(1) Approved SOBs' NPL reduction plans	End-Jun 2020
(2) Reviewed and enacted to fully reflect gas and non-gas costs heating tariffs, adopted simplified procedure for households to switch gas supplier	End-Aug 2020
(3) New organizational structures and frameworks for the STS and SCS	End-Sep 2020
(4) Enacted selected amendments to the Banking Law	End-Nov 2020
(5) Enacted amendments to the DGF and other laws to improve bank liquidation mechanism and recovery of assets	End-Oct 2020
(6) Enacted amendments to the Law on the High Council of Justice to enhance its selection process	End-Oct 2020
(7) Strengthened corporate governance in SOEs, including a new corporate charter for Naftogaz	End-Sep 2020
(8) The STS and SCS to operate nationally as two single legal entities	End-Dec 2020
(9) Complete a compliance audit by the State Audit Service of Ukraine, in consultation with external/third party auditors, of COVID-related spending	End-Mar 2021

Past EFF and SBA programs

Availability date / Reviews	SDR m	US\$ m ¹
SBA 2020 program (US\$ 5.0bn, 179% of quota)		
June 9, 2020 [disbursed]	1,500	2,076
Following reviews	2,100	2,897
Total SBA program	3,600	4,973
SBA 2018 program (US\$ 3.9bn, 139% of quota)		
December 18, 2018	1,000	1,391
Total SBA program	1,000	1,391
EFF 2015 program (US\$ 17.5bn, 900% of quota)		
March 11, 2015	3,546	4,879
July 31, 2015 [1 st review]	1,182	1,659
September 15, 2016 [2 nd review]	716	1,003
April 3, 2017 [3 rd review]	734	996
Total EFF program	6,178	8,537

Key priorities under new IMF's 2020 SBA program:

- ▶ Mitigating the economic impact of the crisis, including by supporting households and businesses
- ▶ Ensuring continued central bank independence and a flexible exchange rate
- ▶ Safeguarding financial stability while recovering the costs from bank resolutions
- ▶ Moving forward with key governance and anti-corruption measures to preserve and deepen recent gains

Note 1 Past tranches translated at NBU XDR/US\$ exchange rate as of the date of their receipt, future tranches (SBA 2020 program) translated per the IMF's rate of 0.7238 SDR/USD as of June 23, 2020



B / Stable credit rating affirmed by both Fitch and S&P

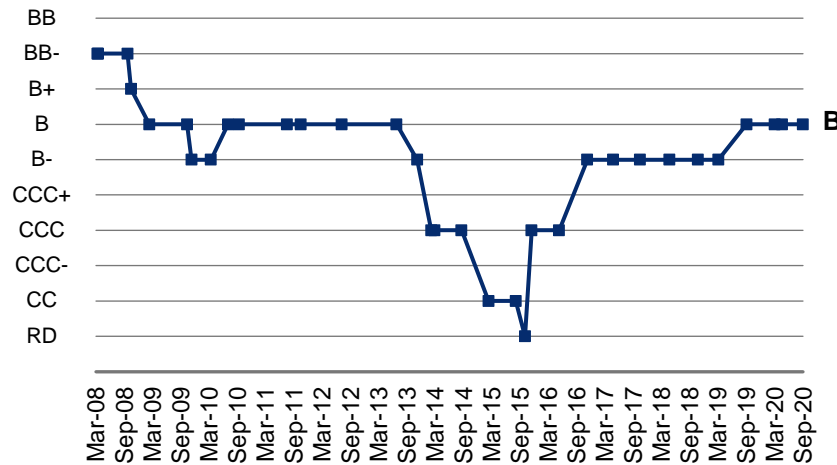
FitchRatings

Rating: B, Stable

Last update: Sep 4, 2020, reaffirmed at B, outlook Stable

Key rating drivers of the last review:

- ▶ Credible macroeconomic policy framework that had lowered inflation and narrowed fiscal deficits prior to the coronavirus shock
- ▶ Record of multilateral support, incl. IMF programme
- ▶ Increased international reserves, although still low external liquidity relative to high financing needs associated with large sovereign debt repayments
- ▶ Improved supervision and capitalization levels and NBU's liquidity support have reduced risks to financial stability



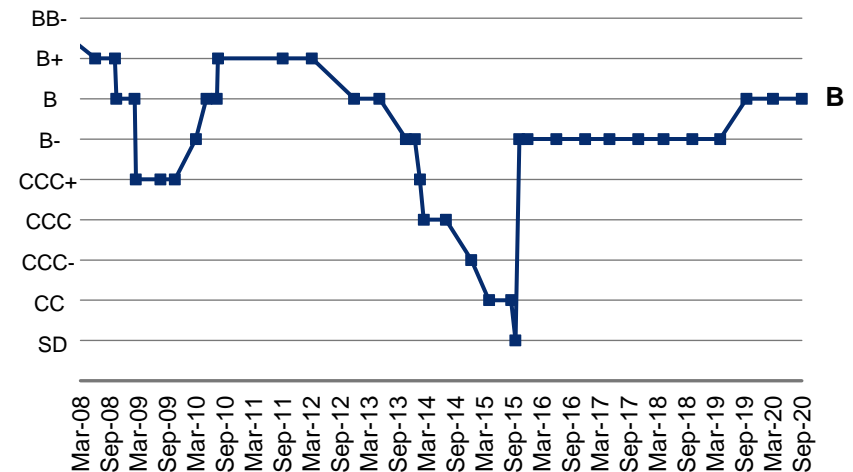
S&P Global

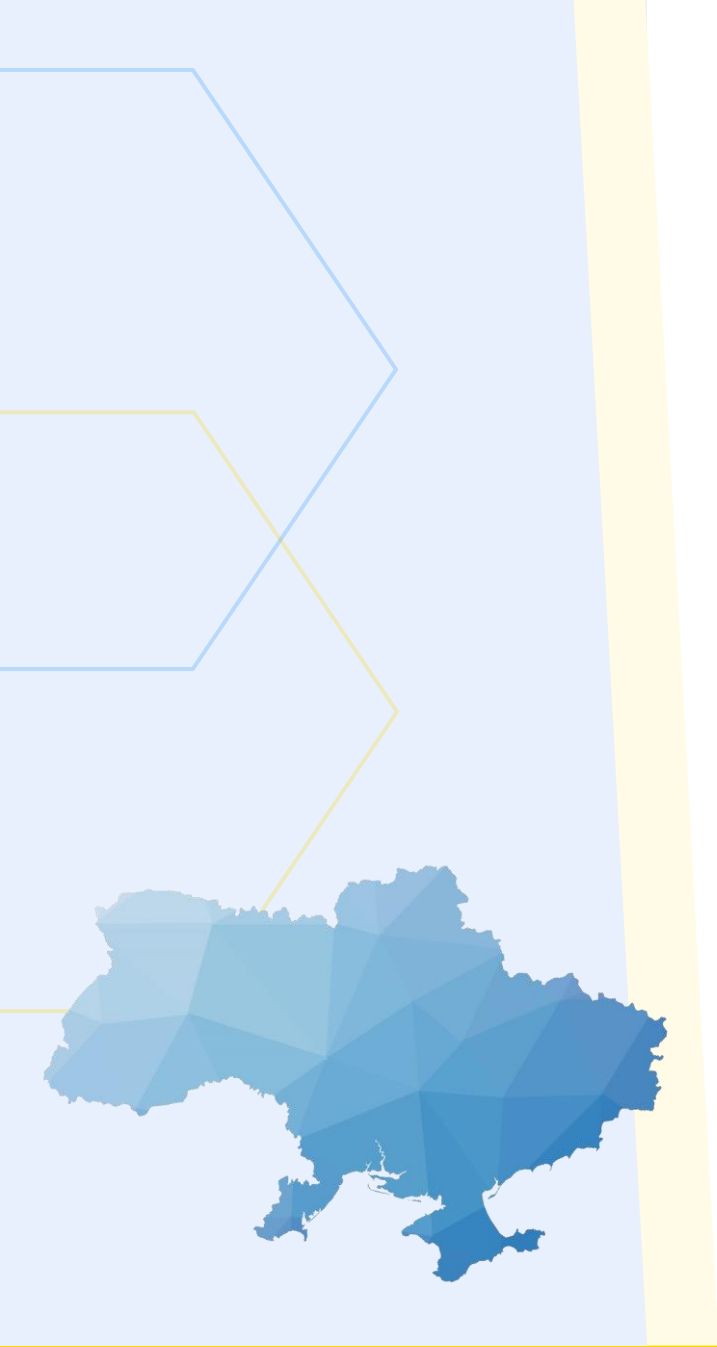
Rating: B, Stable

Last update: Sep 11, 2020, reaffirmed at B, outlook stable

Key rating drivers of the last review:

- ▶ FX reserves provide a cushion against potential adverse developments in the external financing environment
- ▶ Stronger macroeconomic management since 2015
- ▶ The ongoing implementation of reforms helps the government access commercial debt markets and receive concessional funding from IFIs
- ▶ Government external debt issuance, engagement with IFIs, and favorable current account dynamics have continued to support FX reserves through 2020



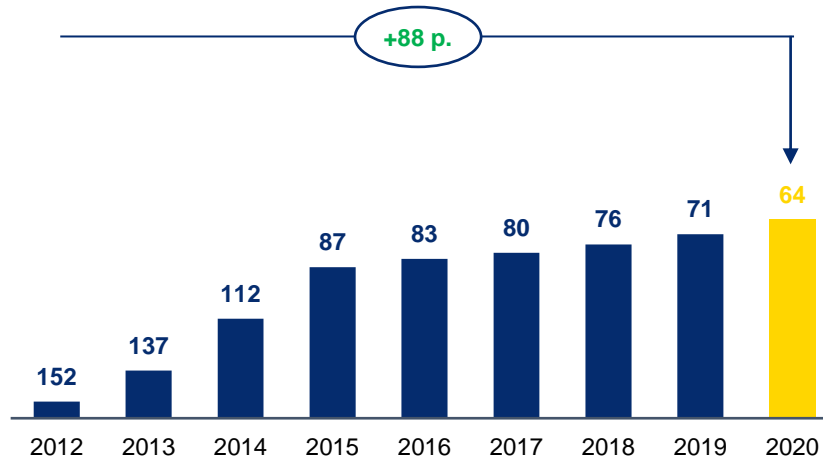


- 1 Solid foundation for long-term economic growth
- 2 Return to gradual fiscal consolidation
- 3 Prudent debt management strategy
- 4 Reviving business climate and development prospects**
- 5 Strong focus on ESG considerations



Business climate improvement to accelerate growth potential

Ease of Doing Business ranking

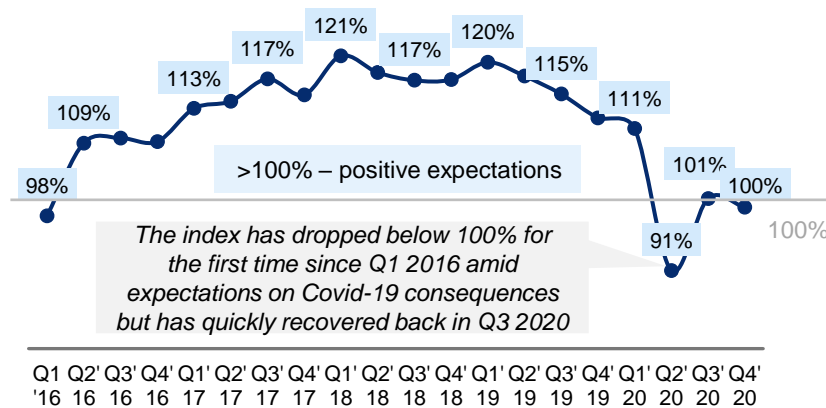


Source Doing Business

Ukraine's selected pillars in 2020 global ranking

- 20** Dealing with construction permits (+10 p. vs the previous report)
- 37** Getting credit (-5 p. vs the previous report)
- 45** Protecting minority investors (+27 p. vs the previous report)
- 61** Starting a business (-5 p. vs the previous report)
- 61** Registering property (+2 p. vs the previous report)
- 63** Enforcing contracts (+6 p. vs the previous report)

Business expectations index by the NBU



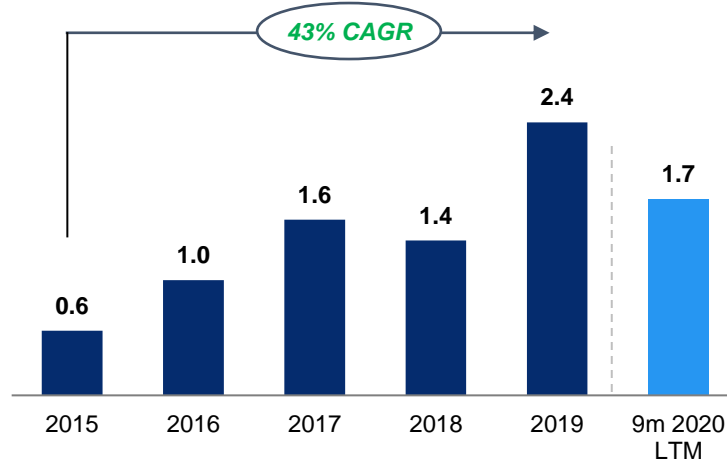
Source NBU

Q4 2020 expectations by industry

- Utilities 109.0%**
- Mining 104.0%**
- Transport & logistics 99.3%**
- Manufacturing 102.2%**
- Retail 99.1%**

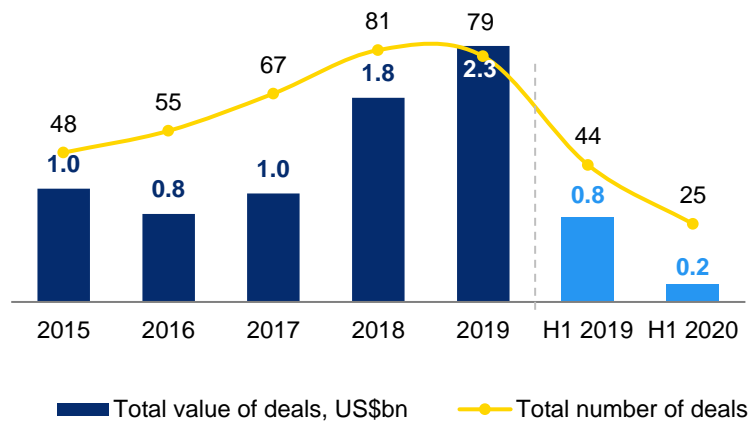
Boosted activity of foreign investors over the last year

FDI to real sector of Ukraine, US\$ bn



Source NBU

Ukrainian M&A market development



Sources UkraineInvest, National Investment Council of Ukraine, KPMG

Examples of recent deals and investors



▶ A digital writing tool Grammarly earned an official unicorn status by attracting US\$ 90m funding

Oct 2019



▶ Acquisition of the second-largest telecom provider in Ukraine for US\$ 734m

Nov 2019



▶ Acquisition of the pharmaceutical business of Biopharma, including its GMP-certified production facilities

Dec 2019



▶ Joint implementation of US\$ 1.0bn+ 800 MW wind power plant in Donetsk region with Wind Farm (UA)

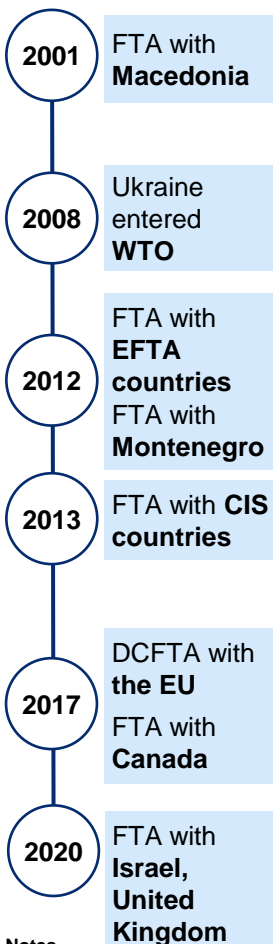
Oct 2020

Other important investors



Seizing crisis opportunity for agri exports

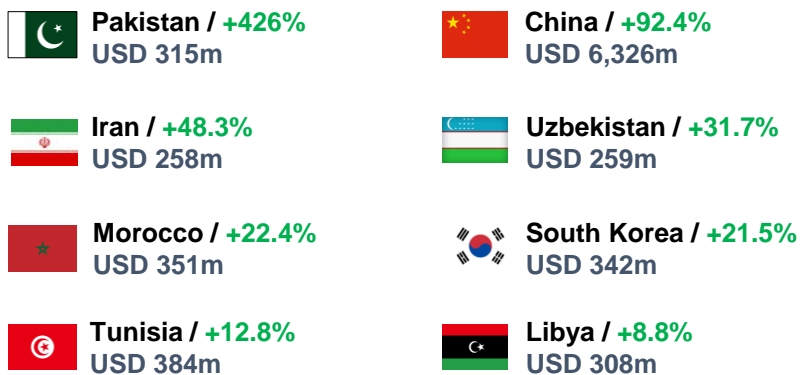
Overall Ukraine concluded 19 FTAs with 46 countries



Comments

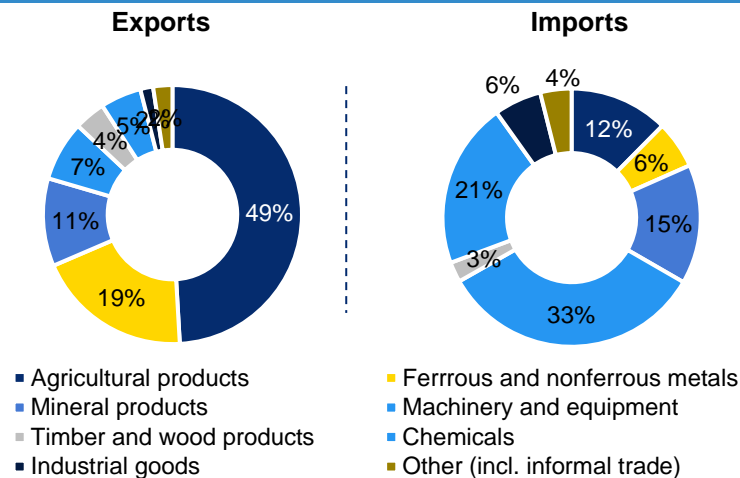
- ▶ Reinforced by Covid-19, the global demand for basic goods, such as agri and food, remains stable
- ▶ This provides Ukraine an opportunity to elevate basic goods exports to large and developed economies amidst crisis
- ▶ Most of such trade connections have already been set up and developed with conclusion of an increasing number of FTAs while Ukraine has undergone a major shift in trade flows towards the EU market in recent years
 - **The EU's share** in Ukraine's foreign trade turnover (goods) went up **from 35% in 2015 to 38% in 2020**
 - **DCFTA (in full force since September 2017)** provides further opportunities in the EU markets

11m 2020 y-o-y increase in export of goods by countries²



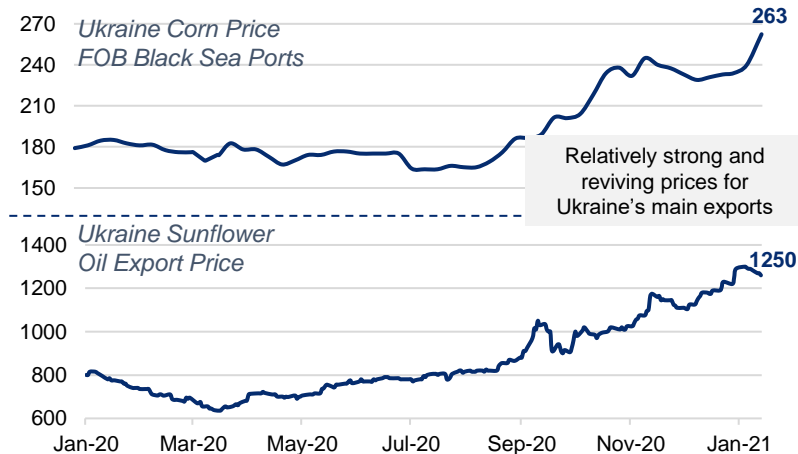
Source State Statistics Service of Ukraine

Ukraine's exports and imports breakdown¹ in 2020



Source State Statistics Service of Ukraine

Ukraine's export prices on selected agri goods (US\$ / t)

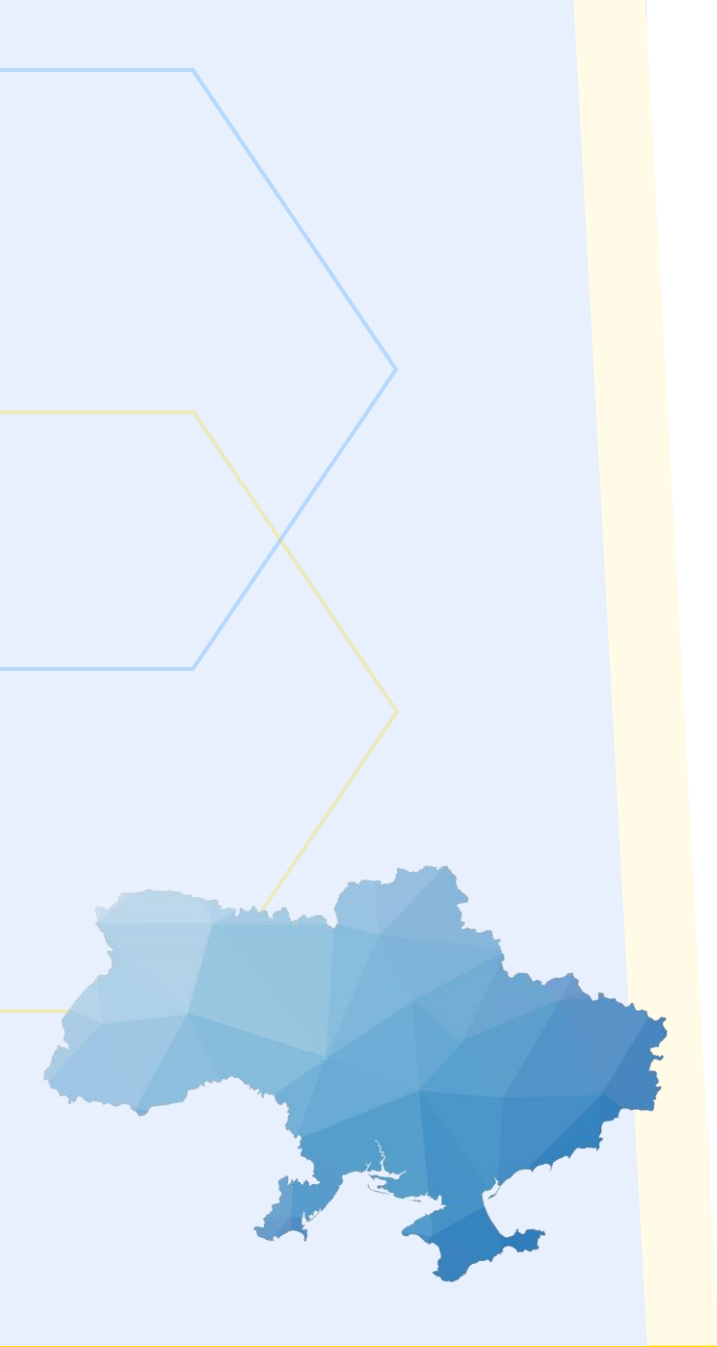


Source Bloomberg, as of January 20, 2021

Notes

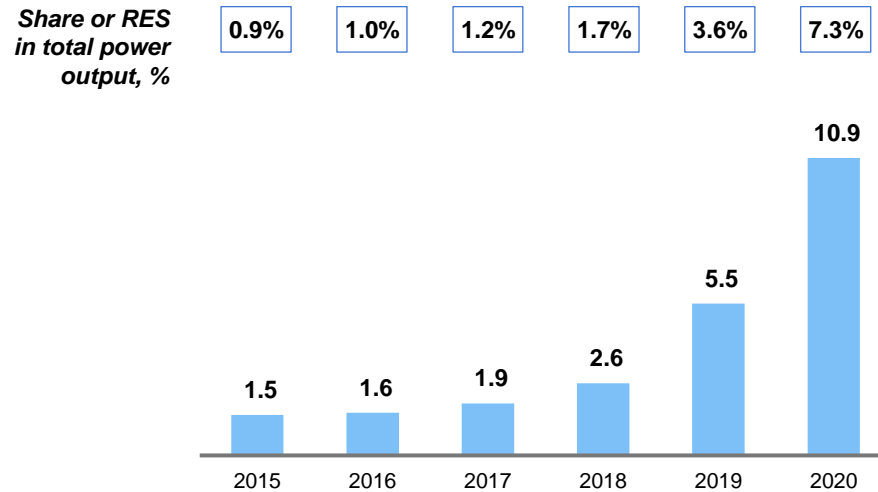
- Export and import of goods breakdown
- Only countries, exports of goods to which in 11m 2020 surpassed 0.5% of total Ukraine's export of goods were included



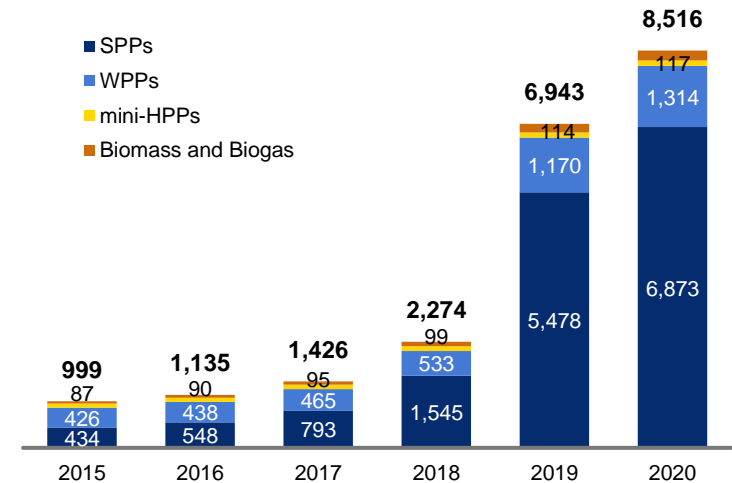


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Electricity production from RES, TWh



RES installed capacity dynamics as of eop, MW



Key environmental initiatives / commitments

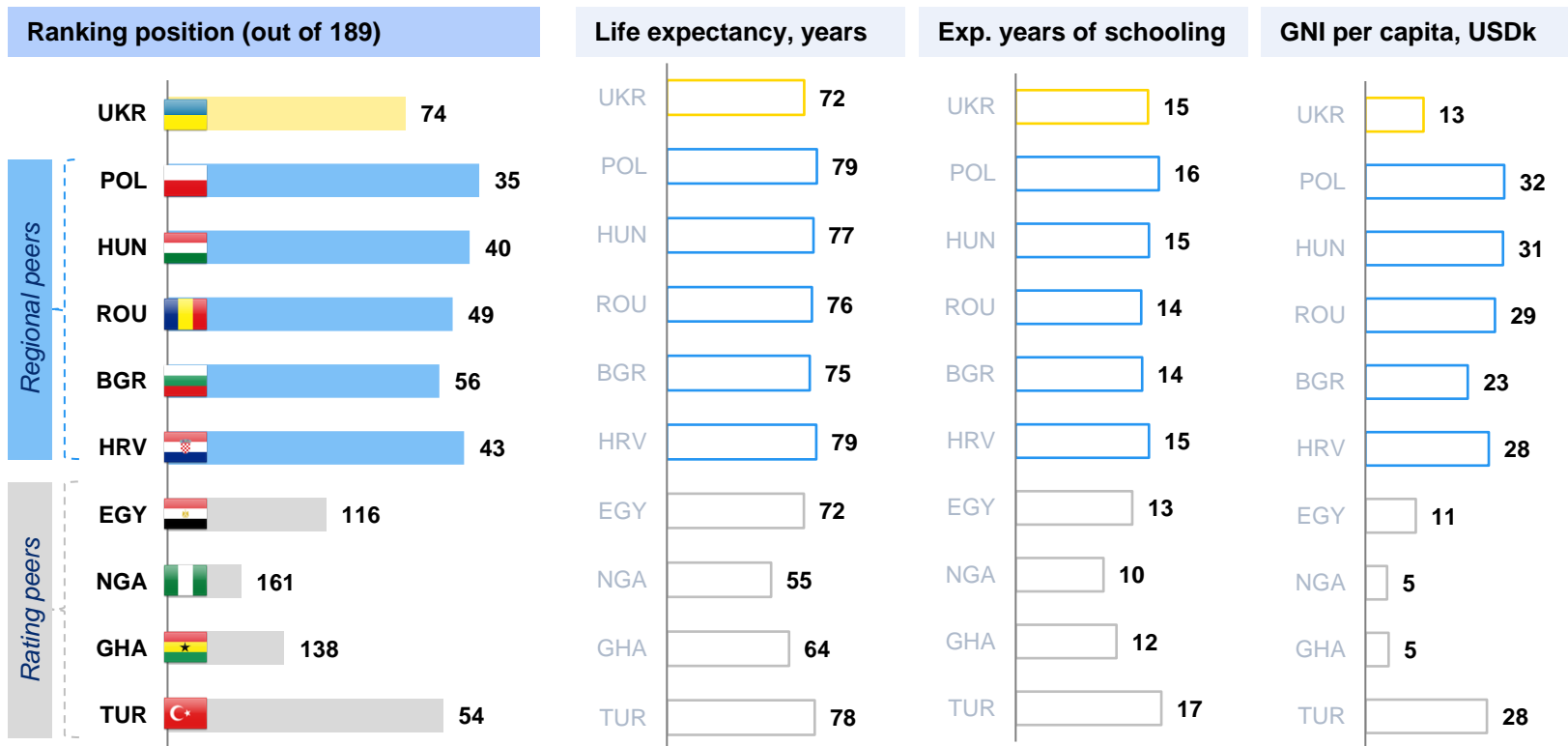
- ▶ **2014:** Ukraine committed to Environmental standard aligned on EU standards as part of the EU-Ukraine Association Agreement
- ▶ **2015:** Ukraine committed itself to achieving a range of policy targets attached to the **UN Sustainable Development Goals (SDGs)**
- ▶ **2016:** Ukraine signed the **Paris agreement** in April (which commits Ukraine to ensuring that greenhouse gas emissions in 2030 will not exceed 60% of the 1990 emissions level) and ratified it in September
- ▶ **2017:** the government adopted the **Energy Strategy of Ukraine until 2035**. It outlines measures to: (i) reduce greenhouse gas emissions, and (ii) restructure the coal sector to reduce its environmental impact
- ▶ **June 2020:** Government signs Memorandum with green energy producers
- ▶ **August 2020:** IFC Partnered with Ukraine's National Securities and Stock Market Commission to Boost Green Finance. The SAAE¹ developed a draft Concept for the implementation of a green bond market in Ukraine

Sources SAAE, Ministry of Energy of Ukraine



UNPD Human Development Index 2020

- Ukraine belongs to **High Human Development group** within **UNDP HDI** (which is also used by selected credit rating agencies) and demonstrates consistent improvement since 2015
- While life expectancy and education indices perform relatively in line with the regional peers and generally overperform rating peers, the income measure, GNI per capita, is the one pulling the country's ranking down



- ▶ In order to further enhance the country's human capital, both education and healthcare sectors are currently undergoing reforms with the following key priorities:
- Education:** (i) affordable and quality pre-school education, (ii) New Ukrainian School, (iii) modern professional (vocational) education, (iv) quality higher education and development of adult education, (v) development of science and innovation
 - Healthcare:** (i) implementation of the new financing mechanism "money follows the patient", (ii) introduction of "family" doctors, (iii) primary care, palliative care, and emergency medical care 100% funded by the state, (iv) new methods for procuring and distributing vaccines, (v) new licensing and educational standards for doctors, etc.

Sources UNDP, Ministry of Education and Science of Ukraine, Ministry of Health of Ukraine

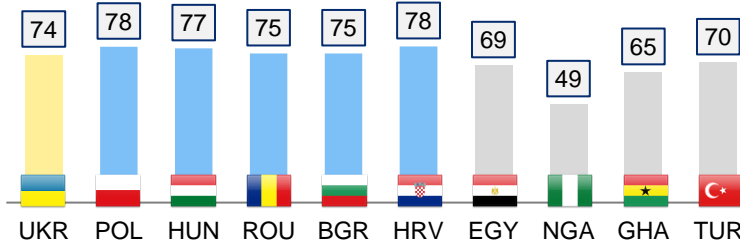


Ukraine vs peers in governance ratings

Sustainable Development Goals Index 2020



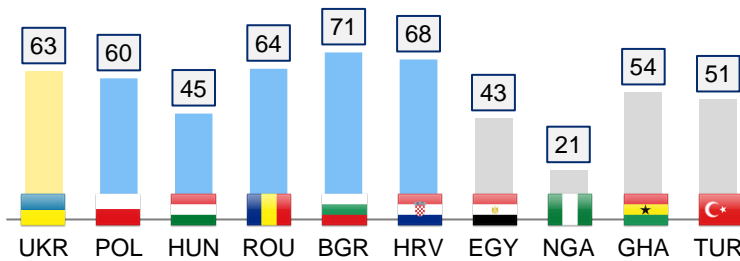
- ▶ Rating: 0 (worst) to 100 (best)
- ▶ Analyzes country's performance within 17 goals



Open Budget Index 2019



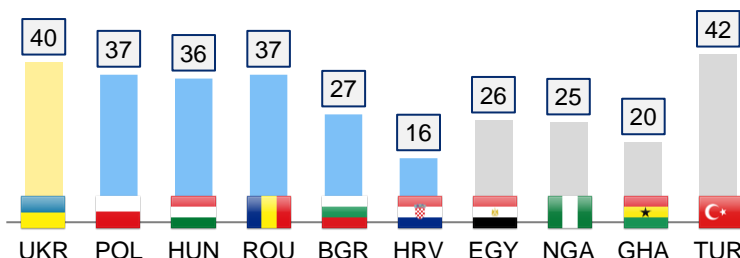
- ▶ Rating: 0 (worst) to 100 (best)
- ▶ Analyzes country's budget transparency



Investor Relations Index 2020



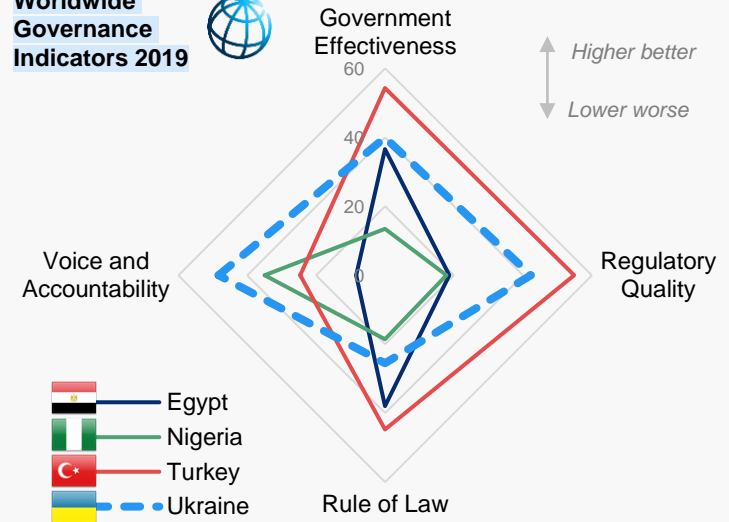
- ▶ Rating: 0 (worst) to 42 (best)
- ▶ Analyzes country's investor relations function



Sources U.S. Department of State, World Bank, UN, TPPR, International Budget Partnership, IIF

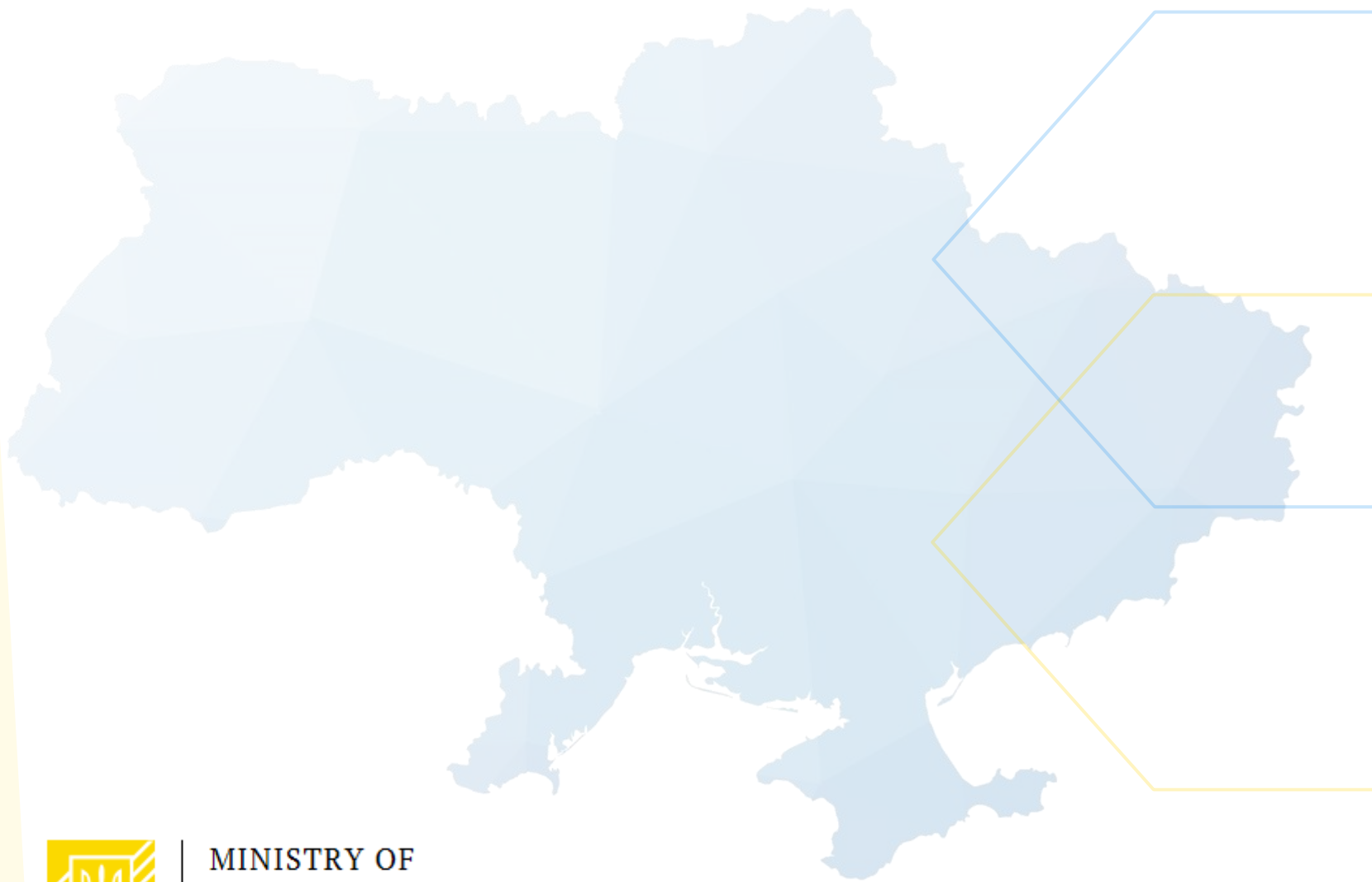
WGI and other developments on governance

Worldwide Governance Indicators 2019



- ▶ **Worldwide Governance Indicators (WGI)** are published by the World Bank and constitute an important basis for sovereign credit ratings
 - Ukraine performs in line with its rating peers demonstrating relatively solid performance in Voice and Accountability, Government Effectiveness and Regulatory Quality pillars
- ▶ Besides the mentioned indices, Ukraine has also topped **Transparent Public Procurement Rating** in 2019 (among 31 countries) and was highly appraised with regard to the fiscal transparency in the **U.S. 2020 Fiscal Transparency Report**





**MINISTRY OF
FINANCE OF
UKRAINE**

